

July 22, 2004

Ms. Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20551

Via e-mail (regs.comments@federalreserve.gov)

RE: Docket No. OP-1195
Request for Information for Study on Prescreened Solicitations or Firm Offers of Credit or Insurance

Dear Ms. Johnson:

Please accept this letter in response to the request for information for the study on prescreened solicitations. Ford Motor Credit Company ("Ford Credit") is one of the largest automotive financial services companies in the world. As a finance company dedicated to supporting dealer sales and leases of automobiles manufactured and distributed by Ford Motor Company, direct mail campaigns containing prescreened credit offers are an integral part of our marketing efforts. Our prescreened campaigns are firm offers of credit that allow the selected consumer to go to a dealership and enter into a lease or finance contract with the dealership, which in turn, we purchase. The comments below concern these types of offers. In our extensive experience, prescreened credit offers provide an efficient and often welcome source of information to our consumers. As we will discuss, the current statutory structure governing these offers is effective, and future regulation limiting creditors' ability to prescreen credit is unnecessary and unwarranted.

Prescreened credit solicitations provide tangible benefits to consumers

Neutrality. The process by which our prescreened credit solicitations are developed is race, marital status, national origin, religion, age and gender neutral. Computer generated lists of prescreened names based on bureau information directly correlating with ability to repay are effectively "blind", thereby, promoting true equal opportunity for credit.

Consumer Efficiency. Prescreened credit offers delivered via regular mail, provide consumers with an extremely efficient alternative to physically "shopping" for credit. Automotive financing is a major transaction and can be fairly time consuming and inconvenient for a consumer investigating the likelihood of credit availability. The benefits of these offers are particularly significant for consumers who are casually contemplating financing a vehicle. For these consumers, perhaps uncertain as to the availability of credit, a quick glance at a direct mail piece can save a trip to a bank or dealership. Furthermore, with prescreened solicitations, consumers avoid the disclosure of personal information and "hard inquiries" on their credit bureaus associated with participating in a full credit application process at a time when they are merely "credit curious".

For "in-market" customers actively shopping for a vehicle, a prescreened credit offer timed to coincide with their needs can supply critical information. Such offers often include the available amount of credit, vehicle pictures and specifications, references to other sources of information, the location of nearby dealerships, and applicable rebates and incentives. In-market consumers can then take time to evaluate the vehicles priced within the offered credit amounts and manage their own financial resources (such as gathering an appropriate down payment).

Once at the dealership with the prescreened credit offer and associated information, the credit process for consumers is streamlined allowing customers to focus on other important terms of the transaction.

Prescreened credit solicitations present no appreciable burden to consumers

Easy to view. Our prescreened mail materials are designed to present the nature of our offers to consumers in a clear and obvious manner. Consumers can either choose to ignore the materials, or with a quick scan, determine the essential elements. Our internal research has shown direct mail offers are preferred and viewed as less intrusive than other forms of direct marketing, such as spam and unsolicited phone calls. In fact, complaints to our Marketing Department regarding the receipt of such offers are non-existent.

Our ability to use prescreened offers targeted to consumers most likely interested in our services actually reduces the need for blanket mailings, thereby, *reducing unwanted mail solicitations*. The cost effectiveness of prescreened offers works to give us the flexibility to provide quality financial services on attractive terms.

Given the availability and relative ease of use of existing methods to avoid prescreened offers, it is our experience that those who still are receiving our offers do not object.

Secure. Our prescreened credit offers are given in the context of "indirect automotive financing" where we purchase lease and finance contracts from dealers. In order to actually use the offer, customers must travel to dealerships that can confirm *in person* the identity of customers prior to completing the credit transactions. The printed offers do not contain any personal information that would assist a potential identity thief in defeating existing dealership precautions. In this context, we do not believe our prescreened offers contribute to credit fraud.

Thank you for the opportunity to comment on these issues. Please feel free to contact Robert Aitken at (615) 315-7456 or me at (313) 594-7743 if you have questions or would like further information.

Sincerely,

David L. Korman

David L. Korman
Executive Vice President and General Counsel
Ford Motor Credit Company